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Letter Ruling 79-40: Reorganization of Corporate Trust as Corporation

October 19, 1979

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This is in reply to your letter of August 3, 1979 requesting a ruling on behalf of the ***** ("Trust") with respect to the Massachusetts income tax consequences of the Trust's proposed change of legal status from Massachusetts business trust to a Massachusetts business corporation.

The Trust, which is a Massachusetts Trust with transferable shares, is organized under a declaration of trust dated November 27, 1970. Since the date of its organization, the Trust has been engaged in the business of financing. As of the date of this request the Trust has 530 shares of beneficial interest issued and outstanding, all of which are held by its four shareholders.

The trustee of the Trust and its shareholders propose to form a Massachusetts business corporation, the ***** ("Corporation"). Under the proposed plan the shareholders of the Trust will transfer to the Corporation all of their shares of the Trust. The shareholders of the Trust will receive one share of common stock of the Corporation in exchange for each share of the Trust surrendered; the shareholders will receive no other consideration. Subsequent to the exchange the Trust will be a wholly-owned subsidiary of the Corporation.

Pursuant to Massachusetts General Laws, Chapter 156B the Trust will then be merged into the Corporation with the result that the separate existence of the Trust shall cease and the Corporation will be the sole surviving entity.

It is the opinion of Counsel for the Trust that the proposed plan constitutes a reorganization within the meaning of Section 368 of the Internal Revenue Code.

Based on the foregoing it is ruled that:

1. The proposed plan will be treated as a reorganization for purposes of Massachusetts General Laws Chapter 62, to the extent that it is a reorganization under Section 368 of the Internal Revenue Code.

2. Neither the Trust nor the Corporation will reorganize any gain or loss for Massachusetts tax purposes under Massachusetts General Laws Chapter 62 and Chapter 63 provided no gain or loss is recognized for Federal income tax purposes pursuant to Section 361(a) of the Code.

3. The shareholders of the Trust will recognize not gain or loss for Massachusetts income tax purposes under Chapter 62 provided that no gain or loss is recognized for Federal income tax purposes pursuant to Section 354(a) of the Code.

Very truly yours,

/s/L. Joyce Hampers

L. Joyce Hampers
Commissioner of Revenue

LJH/RSF/jmcd

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